



LENDER NEWS

A Publication of the Des Moines District Office and Cedar Rapids Branch Office

January, 2006

From the District Director's Desk

Disaster Loans, Express, PLP and a New Deputy

Our local role in assisting in the SBA's response to the Katrina and Rita hurricane disasters changed today with the receipt of the first of what we expect to be many disaster applications for homeowners and renters in the Gulf Coast area. SBA district offices nationwide have been engaged to assist in the processing of the record number of disaster applications received by our Office of Disaster Assistance in Dallas/Ft. Worth. We are ready for this task.

Locally we have several counties in Iowa that are eligible for SBA Economic Injury Disaster Loan (EIDL) assistance as a result of this past years' drought. Details are on page 3.

Even with the increased workload from disaster processing and the loss of the LowDoc program, we expect to be able to continue to provide our high level of service on your 7(a) loan applications. If not, please be patient and kindly let us know.

We continue to encourage Iowa lenders to use the SBAExpress and SBA Community Express loan programs. The use of the E-Tran interface by Express lenders continues to grow nationally with 65% or more of all 7(a) applications now submitted electronically. E-Tran gives you the possibility for same day approval on your Express Loan applications.

Several lenders in Iowa have begun to submit Express loans electronically (See

the comments from Iowa lenders who have tried E-Tran in the sidebar at the bottom of this page).

If you would like to become an SBAExpress or Community Express Lender, or you need assistance in submitting your first Express loan, and/or using the E-Tran interface, let us know.

Letters of invitation to apply for preferred lender program (PLP) status will be going shortly to lenders who have demonstrated sufficient volume and quality of portfolio management to qualify for this privilege.

Under the PLP program, we delegate loan approval, closing, and most servicing and liquidation authority and responsibility to carefully selected lenders. Though only two Iowa chartered financial institutions presently have PLP status we are hopeful each of the 23 lenders that do qualify will consider the program.

We congratulate Tom Harbison on his promotion to Deputy District Director this week. Tom fills the position vacated by John Langin in December of 2004.

Sincerely,

Joseph M. Folsom
District Director

Thank You for Your Increased Use of SBA Loans

Thanks to the following lenders who have increased their FY 2006 1st quarter SBA lending by two or more loans vs. the same period last year.

- Bank Iowa (Altoona)
- Bank Midwest
- Bank Iowa (Cedar Rapids/Waterloo)
- Black Hawk Economic Development
- Capital One

- Collins Community CU (Cedar Rapids)
- East Dubuque Savings Bank
- Exchange State Bank (Adair)
- Fidelity Bank (WDM/Huxley)
- Iowa State Bank & Trust Co. (Iowa City)
- Libery Bank, FSB (Coralville)
- Peoples Bank (Rock Valley)
- Siouxland Economic Development Corp.
- U.S. Bank, NA
- Wells Fargo Bank, NA

INFORMATION

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(319) 362-6405
(319) 362-7861

Fresno Servicing Center

Fresno, CA
(559) 487-5650
(559) 487-5803 FAX

Liquidation & Purchase Center

Herndon, VA
(703) 487-9283
(202) 481-4674 FAX

PLP Processing Center

Sacramento, CA
(916) 930-2463 or 930-2460
(916) 930-2160 FAX

What Iowa Lenders are Saying about SBAExpress and E-Tran

"It's just amazing. I punched the send button and immediately got a response with a loan number."

- Western Iowa Banker

"Once you've tried it a couple of times, it is a simple process with a very quick response."

- North Iowa Banker

For more information on how to sign up to use E-Tran for your SBAExpress loan applications, go to

www.sba.gov/banking/modernization.html

SBA 504 Loan Program: A Valuable Lending Tool for Fixed Asset Financing

SBA's 504 Program is a great way for your customers to get access to fixed asset financing. The program provides long-term fixed-rate financing to small businesses at favorable rates as a means to foster economic development and create or preserve jobs. But there are some great benefits for you as well.

Lenders can mitigate credit risk (50 percent LTV), make larger loans, retain commercial-account relationships while participating in long-term financing and sell their first mortgage portion on a very active secondary market - just to name a few of the benefits of the program.

The 504 program minimizes the equity required for the acquisition of real estate

or equipment. Most projects require only a 10 percent equity injection from the borrower. However, start-up ventures or projects involving single purpose assets require an additional 5 percent injection. If the project involves both a start-up and a single purpose asset, the minimum equity contribution is 20 percent.

The SBA portion of the financing package is fully amortized over 20 years for real estate and 10 years for equipment. The interest rate is set at the time of debenture sale after completion of the project. Rates are fixed for the life of the loan and are generally below market rate. A typical 504 project includes:

- A loan secured with a senior lien

position on project assets from a private-sector lender covering up to 50 percent of the project cost;

- A loan secured with a junior lien on project assets from a Certified Development Company covering up to 40 percent of project costs; and
- The borrower's minimum equity injection, usually 10 percent.

SBA 504 loans are administered by Certified Development Companies (CDCs). There are five CDCs located in Iowa and all are allowed to do business throughout the state. Call our office in Des Moines (515-284-4422) or Cedar Rapids (319-362-6405) for a CDC near you.

SBA International Trade Loans - Better Tools for your IT Customers

International Trade continues to be a growing arena for small businesses to expand their markets in. The SBA has a number of tools and services available to your small business customers who are currently involved in, or wish to get involved in, International Trade. Two of the most popular programs are:

Export Working Capital Program

The maximum gross loan amount is \$2 Million, with a maximum SBA guarantee amount of \$1.5 Million. The guarantee percentage for EWCP is 90 percent. Use of

proceeds can refinance existing international debt, as well as normal other uses.

International Trade Loan Program:

This program, also with a gross loan amount of \$2 million, can be combined with the Export Working Capital Program. The fixed asset loan can only have a maximum of a 75% guaranty, while the working capital loan could have a maximum of a 90% guaranty. These need to be done as separate loans with the working capital funded first.

This loan is for companies who are expanding their international markets or developing new international markets. A first lien is required on the assets being financed. The ITL program can also be used for refinancing debt incurred earlier for fixed asset purchases.

SBA offers a number of other IT programs and services. For more information, visit www.sba.gov/oit/lender/index.html or contact the SBA's U.S. Export Assistance Center (USEAC) in St. Louis at (314) 425-3304.

Iowa Small Business Eligible for Disaster Assistance Due to Drought

Small, non-farm businesses may apply for low interest disaster loans from the U.S. Small Business Administration to offset economic losses because of reduced revenue to farmers and ranchers caused by drought in Clay, Dubuque, Harrison, and Monona Counties beginning January 1, 2005.

Small businesses in the neighboring counties of Buena Vista, Cherokee, Clayton, Crawford, Delaware, Dickinson, Emmet, Ida, Jackson, Jones, O'Brien, Osceola, Palo Alto, Pocahontas, Pottawattamie, Shelby and Woodbury in Iowa; Jo Daviess in Illinois; Burt, Thurston and Washington in Nebraska; and Grant in Wisconsin may also apply for these low interest disaster loans.

Small businesses may qualify for Economic Injury Disaster Loans (EIDLs) of up to \$1.5 Million to help meet financial obligations and operating expenses which could have been met had the disaster not occurred. Eligibility for these loans is based on the financial impact of the disaster only and not on any actual property damage. These loans have an interest rate of 4 percent, a maximum term of 30 years, and are restricted to small businesses without the financial ability to offset the adverse impact without hardship.

SBA makes EIDLs available when the U.S. Secretary of Agriculture designates an agricultural disaster. Secretary Mike Johanns declared these disasters at the request of Governor Tom Vilsack.

Businesses primarily engaged in farming or ranching are ineligible for SBA disaster assistance. Agricultural enterprises should contact Farm Services Agency (FSA) about USDA assistance made available by the Secretary's declaration. However, in drought disasters, nurseries are eligible for SBA disaster assistance.

The deadline to apply for these loans is July 14, 2006.

Small businesses in Lyon and Sioux County in Iowa are eligible for EIDL loans due to a similar drought declaration in South Dakota. The deadline to apply for these loans is June 7, 2006.

For more information, call (800) 659-2955.

SBA Proposed Changes to Liquidation and Purchase Procedures

On November 3, 2005, SBA published a proposed rule regarding liquidation and litigation procedures for 7(a) loans. Under the proposed rule,

- Lenders would be required, in most cases, to complete all liquidation activities prior to requesting purchase of a loan guaranty;
- Payment of interest after default would be limited to 120 days on all 7(a) loans approved after the effective date of the

regulations (except for those where the guaranteed portion has been sold in the SBA Secondary Market); and

- For loans approved after the effective date of the rules, Lenders would be deemed to have consented to SBA's sale by SBA of the loan (guaranteed and unguaranteed portions) in an asset sale conducted or overseen by SBA if SBA has purchased the guaranteed portion of a loan prior to completion of liquidation, and under certain

circumstances where the guaranteed portion has been sold in the secondary market.

The original deadline for comments was January 3, 2006. In order to provide more time for public comment, the deadline has now been extended to February 24, 2006.

For a copy of the original proposed rule, please e-mail Deb Anderson at debora.anderson@sba.gov.

National Guarantee Purchase Center (Herndon) Web Site Now Available

The National Guarantee Purchase Center in Herndon now has it's own Web page which is available to lenders at www.sba.gov/banking/ngpc/index.html.

Here you'll find information on current issues, information alerts, FAQs, detailed instructions on servicing and purchasing issues and more.

NGCP has also put out a CD entitled "How to Prepare a Guaranty Purchase Package." For a copy, e-mail Dave Lentell at thomas.lentell@sba.gov.

SBA Lender Activity Report for December

| LENDER NAME | LOCATION | # | AMOUNT |
|----------------------------|--------------|---|-------------|
| First American Bank | Fort Dodge | 4 | \$2,390,000 |
| East Dubuque Savings Bank | Dubuque | 3 | \$225,000 |
| First Central State Bank | DeWitt | 3 | \$120,000 |
| Capital One | Virginia | 3 | \$55,000 |
| Liberty Bank | Coralville | 2 | \$1,500,000 |
| Iowa Business Growth Co. | Johnston | 2 | \$1,011,000 |
| ECIA Business Growth, Inc | Dubuque | 2 | \$803,000 |
| Quad City Bank & Trust | Bettendorf | 2 | \$674,250 |
| U. S. Bank | Iowa | 2 | \$628,000 |
| Siouxland Econ. Dev. Corp. | Sioux City | 2 | \$574,000 |
| West Bank | West DSM | 2 | \$170,000 |
| Bank Iowa | Cedar Rapids | 2 | \$62,500 |
| Meta Bank | Urbandale | 1 | \$2,000,000 |

| LENDER NAME | LOCATION | # | AMOUNT |
|----------------------------|-------------|---|-----------|
| Iowa State Bank | Des Moines | 1 | \$650,000 |
| First Bank | West DSM | 1 | \$505,600 |
| UPS Capital | Connecticut | 1 | \$262,000 |
| American National Bank | Holstein | 1 | \$250,000 |
| Citizens First Bank | Clinton | 1 | \$225,000 |
| Maquoketa State Bank | Maquoketa | 1 | \$209,000 |
| Peoples Bank | Rock Valley | 1 | \$190,200 |
| State Central Bank | Keokuk | 1 | \$190,000 |
| Exchange State Bank | Adair | 1 | \$150,000 |
| Northwest Bank & Trust Co. | Davenport | 1 | \$120,000 |
| Iowa State Bank | Morning Sun | 1 | \$118,000 |
| Bank Iowa | Altoona | 1 | \$15,500 |

The following lenders in Iowa were participant lenders in the SBA's 504 loan program during the month of December

| LENDER NAME | LOCATION | # | AMOUNT |
|----------------------------|----------|---|-------------|
| American Trust & Svgs Bank | Dubuque | 1 | \$1,228,452 |
| Zions First National Bank | Utah | 1 | \$960,556 |
| U.S. Bank | Iowa | 1 | \$450,000 |

| LENDER NAME | LOCATION | # | AMOUNT |
|--------------------------|----------|---|-----------|
| Polk County Bank | Johnston | 1 | \$305,000 |
| Shelby County State Bank | Harlan | 1 | \$265,000 |
| First Trust & Savings | Dubuque | 1 | \$209,825 |